



Cost Calculation, Capacity of 2000 Procedures

Personnel Required	# of FTE	Cost per FTE	Total Cost
Ophthalmologist	1	200,000	200,000
Optometrist	1	70,000	70,000
General HM/Type	2	30,000	60,000
Ophthalmic Tech	4	45,000	180,000
Screening/Admin	3	35,000	105,000
Nurse	1	60,000	60,000
			\$675,000

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Annual (After Start-Up Year) Maintenance Contracts	Total Cost
Laser	52,000
Other Equipment	65,000
\$117,000	

Royalties and Key Card	#	Cost per	Total Cost
Per Procedure (Eye)	2000	260	\$520,000

Supplies	#	Cost per	Total Cost
Surgical Disposables	2000	45	90,000
Argon/Fluoride gas	2000	10	20,000
Medications	2000	15	30,000
			\$140,000

Equipment Required	#	Cost per	Total Cost
Laser	1	540,000	540,000
Exam Chair/Slit Lamp/Arm	5	28,000	140,000
Refractive Workstation	4	70,000	280,000
Computer System	1	40,000	40,000
Corneal Topography System	1	24,000	24,000
Digital Camera	1	25,000	25,000
Eye Charts	1	5,000	5,000
Computers	9	3,000	27,000
			\$1,081,000

Laser Room Refurbish	
Electrical, Ventilation, etc	\$100,000

**COST SUMMARY:**

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Year 1, Start-Up

Personnel	675,000
Royalties	520,000
Supplies	140,000
Equipment	1,081,000
Laser Room Refurbish	100,000
	\$2,516,000

\$1,258 Per Procedure

Year 2

Personnel	695,250
Royalties	520,000
Supplies	144,200
Annual Maintenance Contract	120,510
	\$1,479,960

\$740 Per Procedure

Year 3

Personnel	716,108
Royalties	520,000
Supplies	148,526
Annual Maintenance Contract	124,125
	\$1,508,759

\$754 Per Procedure

Year 4

Personnel	737,591
Royalties	520,000
Supplies	152,982
Annual Maintenance Contract	127,849
	\$1,538,422

\$769 Per Procedure

Year 5

Personnel	759,718
Royalties	520,000
Supplies	157,571
Annual Maintenance Contract	131,685
	\$1,568,974

\$784 Per Procedure

Notes:

1. Supplies, equipment, laser, laser maintenance contract, personnel (except ophthalmologist and HM/type), royalties, laser room refurbishment cost data obtained from CDR Schallhorn, email of 11 Jul 98 and 13 Jul 98.
2. Ophthalmologist and HM/type contract cost obtained through comparison of like-personnel under contract, per Summary of Healthcare Contracts, dtd 06/03/98.
3. Annual maintenance cost, other than the laser, were calculated as approximately 12% of the initial cost of the equipment, per Equip Manger, NNMC SD, 14 Jul 98.
4. Inflation of 3% was calculated for personnel, supplies, and annual maintenance contracts.
5. Equipment replacement was not included in this analysis.
6. Minimal cost for clerical supplies was not included in this analysis.

<p style="text-align: center;">Center Capacity = 2000 Procedures</p>

10% REQUEST SURGERY

Center Capacity (in Procedures)/Year = 2000

Initial Year Demand = 14,000 Patients, or 28,000 Procedures

Annual Accessions Demand = 2,450 Patients, or 4,900 Procedures

of AD
560,000
98,000

Number of Centers	Annual Capacity	Unmet Demand (Procedures) Remaining Following				
		Year 1	Year 2	Year 3	Year 4	Year 5
1	2,000	26,000	28,900	31,800	34,700	37,600
2	4,000	24,000	24,900	25,800	26,700	27,600
3	6,000	22,000	20,900	19,800	18,700	17,600
4	8,000	20,000	16,900	13,800	10,700	7,600
5	10,000	18,000	12,900	7,800	2,700	-2,400
6	12,000	16,000	8,900	1,800	-5,300	-12,400
7	14,000	14,000	4,900	-4,200	-13,300	-22,400
8	16,000	12,000	900	-10,200	-21,300	-32,400
9	18,000	10,000	-3,100	-16,200	-29,300	-42,400
10	20,000	8,000	-7,100	-22,200	-37,300	-52,400

Number of Centers	Annual Capacity	Cost Per Year					5 Yr Cost
		Year 1	Year 2	Year 3	Year 4	Year 5	
1	2,000	1,479,960	1,438,760	1,508,759	1,538,422	1,568,974	7,534,875
2	4,000	3,995,960	2,959,920	3,017,518	3,076,843	3,137,948	16,188,189
3	6,000	6,511,960	4,439,880	4,526,276	4,615,265	4,706,923	24,800,304
4	8,000	9,027,960	5,919,840	6,035,035	6,153,686	6,275,897	33,412,418
5	10,000	11,543,960	7,399,800	7,543,794	7,692,108	7,844,871	42,024,533
6	12,000	14,059,960	8,879,760	9,052,553	9,230,529	9,413,845	50,636,647
7	14,000	16,575,960	10,359,720	10,561,312	10,768,951	10,982,819	59,248,762
8	16,000	19,091,960	11,839,680	12,070,070	12,307,373	12,551,794	67,860,877
9	18,000	21,607,960	13,319,640	13,578,829	13,845,794	14,120,768	76,472,991
10	20,000	24,123,960	14,799,600	15,087,588	15,384,216	15,689,742	85,085,106

Notes:

1. The cost of one center assumes San Diego, which currently has a program in place, although not at a 2000 procedure capacity. San Diego would therefore require some portion of the start-up cost; however, this is offset by the fact that San Diego currently provides one military ophthalmologist and four military corpsmen, and would have reduced contract labor costs.